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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JUN 20 2002

INDIANA UTILITY
REGULATORY COMMISSION


IN RE THE COMMISSION'S INVESTIGATION)
OF THE RATES AND CHARGES FOR ELECTRIC)
SERVICE PROVIDED BY NORTHERN INDIANA)
PUBLIC SERVICE COMPANY PURSUANT TO)
INDIANA CODE 8-1-2-1 ET SEQ. INCLUDING,)
BUT NOT LIMITED, TO I.C. 8-1-42.5, 8-1-2-58,)
8-1-2-59, 8-1-2-68 AND 8-1-2-73.)
RESPONDENT: NORTHERN INDIANA PUBLIC)
SERVICE COMPANY, INC.)

CAUSE NO. 41746

JOINT PETITION FOR APPROVAL OF SETTLEMENT

Northern Indiana Public Service Company ("NIPSCO"), the Office of the Utility Consumer Counselor, Ispat Inland Inc., Central Soya Company, Unilever Home and Personal Care USA, United States Steel Corporation, Praxair, Inc., and Bethlehem Steel Corporation ("Parties"), by counsel, hereby request that the Commission approve a resolution of this matter on the terms and conditions set out in the attached Stipulation and Settlement Agreement entered into by the Parties. The undersigned counsel for NIPSCO represents to the Commission that he has been authorized to present this petition to the Commission by the Parties.

Respectfully submitted,



Fred E. Schlegel, Attorney for
Northern Indiana Public Service Company

Fred E. Schlegel, Atty No. 185-49
Clayton C. Miller, Atty No. 17466-49
BAKER & DANIELS
300 North Meridian Street, Suite. 2700
Indianapolis, IN 46204
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STATE OF INDIANA
BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

IN RE THE COMMISSION'S INVESTIGATION)	
OF THE RATES AND CHARGES FOR ELECTRIC)	
SERVICE PROVIDED BY NORTHERN INDIANA)	
PUBLIC SERVICE COMPANY PURSUANT TO)	
INDIANA CODE 8-1-2-1 <u>ET SEQ.</u> INCLUDING,)	
BUT NOT LIMITED TO, I.C. 8-1-42.5, 8-1-2-58,)	CAUSE NO. 41746
8-1-2-59, 8-1-2-68 and 8-1-2-73.)	
)	
RESPONDENT: NORTHERN INDIANA PUBLIC)	
SERVICE COMPANY, INC.)	

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Settlement Agreement") is entered into, as of the 20th day of June, 2002, by and between Respondent Northern Indiana Public Service Company ("NIPSCO"), the Indiana Office of Utility Consumer Counselor (the "Public" or "OUCC"), Ispat Inland Inc., Unilever Home and Personal Care USA ("Unilever"), Central Soya Company ("Central Soya"), and any other parties signatory hereto (collectively, the "Parties"). The Parties, having been duly advised by experts and counsel, stipulate and agree for purposes of settling this matter that the terms and conditions hereinafter set forth below are an appropriate resolution of the issues in this Cause, subject to their incorporation into a final order of the Indiana Utility Regulatory Commission ("IURC" or "Commission"), without modification or further condition unacceptable to any Party. If the Commission does not approve the terms of this Settlement Agreement in its entirety, this Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by all the Parties.

Terms and Conditions of Settlement Agreement

1. Credits. Subject to the Commission's approval of the terms of this Settlement Agreement, beginning with the effective date of NIPSCO's FAC filing in Cause No. 38706-FAC55 (August 1, 2002 for consumption commencing July 1, 2002) and running for a period of 49 consecutive months ("Term"), NIPSCO shall reduce the electric revenue which it would otherwise receive from consumers taking electric utility services under its current electric rate schedules by crediting their monthly bills ("Customer Credits or Credits") so as to achieve during the Term an annual revenue reduction of approximately \$55 million and a NIPSCO guaranteed cumulative revenue reduction over the 49 months of \$225 million ("Guaranteed Credit"). Such Credits shall apply to all bills rendered under NIPSCO's current rate schedules, excluding bills based on (a) special contract rates approved by the Commission, pursuant to I.C. 8-1-2-24 and/or 25, or (b) an economic development rate. Each monthly Credit shall reduce all applicable customer bills by the same percentage. There shall be periodic true-ups to assure Customer Credits of approximately \$55 million per year. The methodology for calculation and distribution of the Customer Credits shall be as reflected on the attached Exhibit A.

Implementation of the Guaranteed Credit, effective July 1, 2002, shall commence (a) 21 days after the entry by the IURC of a final order herein approving the terms of this Settlement Agreement if no petition for rehearing is filed or 21 days after the IURC's ruling on any petition or petitions for rehearing, whichever is later ("Final Order"), and (b) upon the timely (60-90 days after entry of the Final Order) preparation of NIPSCO's billing system to accommodate a one line credit on the bill or, by agreement of the Parties, a one line credit for a quarterly or other periodic cumulative credit. Distribution of the Credits will be made and back-credited to July 1, 2002 consumption. During the Term the Credits shall be reflected on customer bills as an

"OUCC/Industrial Group/NIPSCO Electric Credit" and will remain in effect during the Term, except in the event of a finding by the IURC of an emergency following a filing by NIPSCO under I.C. 8-1-2-113. The Credits will continue beyond the Term at the same annual level and per the same methodology, unless the IURC enters a basic rate order that approves revised NIPSCO electric rates subsequent to the Term. The Parties shall not seek, encourage or support a request by any person(s), entity(ies) or any other party for Commission approval of a change in NIPSCO's basic rates and charges in effect on the date of this Settlement Agreement ("Basic Rates") or the Credits during the Term, except by agreement of the Parties. During the Term, NIPSCO may initiate an emergency filing under I.C. 8-1-2-113, and if NIPSCO does that, each Party is free to take any position in response to such a filing by NIPSCO. Except by agreement of the Parties, in the event that NIPSCO's Basic Rates are changed during the Term by order of the Commission, the Credits provided for herein shall cease on the effective date of such order, but there shall be no recoupment, adjustment, reimbursement, repudiation, rescission, return or recovery of those Credits by NIPSCO, or as to other benefits given or received by any Party hereunder, up to the date of any such cessation. Nothing contained in this paragraph shall affect the Parties' rights under I.C. 8-1-2-42(d), Paragraph 11 hereof or any order as may be approved in Cause Nos. 42150, 42151 and 38706-FAC55 or the OUCC's statutory rights and duties. Except by agreement of the Parties, NIPSCO's Basic Rates and all tariffs, terms and conditions as of the date of the Settlement Agreement shall remain unchanged during the Term. NIPSCO shall file for Commission approval of an appendix to its rate schedules providing for the Customer Credits, as shown in the attached Exhibit B.

2. Current Rates. During the Term and thereafter until an event described in Paragraph 1, all terms of the Commission's final order in Cause No. 38045 ("1987 Order") which

are in effect at the time of this Settlement Agreement will remain unchanged as they relate to NIPSCO's basic electric rates and depreciation rates approved in the 1987 Order. There will be no "reset" of the "relevant period" for FAC earnings test purposes, NIPSCO's allowed net operating income of \$225,459,905 shall remain in place, and NIPSCO's current FAC "bank" under I.C. 8-1-2-42.3, as shown on NIPSCO's recent FAC proceedings, will increase or diminish in accordance with the procedures currently in effect. Based on the costs in this case, NIPSCO's current basic electric rates shall be deemed sufficient to cover its rate case expenses in Cause No. 41746, which expenses shall be amortized over the Term of this Settlement Agreement.

3. No Precedential Effect. This Settlement Agreement and any IURC order approving or implementing this Settlement Agreement shall be without precedential effect and shall not be cited or relied upon by any Party in this case or any other case except to the extent necessary to enforce its terms. This Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any Party in any other proceeding except as necessary to enforce its terms before the Commission, or any court of competent jurisdiction on these particular issues. This Settlement Agreement is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Parties may take with respect to any and all of the items and issues resolved herein in any future regulatory or other proceedings.

4. Headquarters. NIPSCO agrees to maintain its corporate headquarters and principal corporate office, on a fully staffed basis, in Indiana during the Term.

5. Economic Development Rates. Not later than 30 days after the Final Order, NIPSCO shall petition the IURC for approval of an economic development rider ("EDR"), the

terms, conditions and benefits of which will be similar to NIPSCO's most recently effective, but now expired, EDR.

6. Unilever (Conopco). Unilever (Conopco) and NIPSCO agree that upon entry of the Final Order, one-half the amount in dispute in IURC Cause No. 41918 initiated by Conopco against NIPSCO will be paid to NIPSCO in full satisfaction of the outstanding July, 1999 billing dispute. Upon entry of the Final Order, Conopco will withdraw, with prejudice, its complaint in that proceeding, and the granting by the IURC of such withdrawal will terminate and release any and all claims Conopco and NIPSCO may have against one another with respect to the July, 1999, billing dispute, regardless of any appeals, changes or challenges to this Settlement Agreement.

7. Central Soya. Concurrently with its petition for Commission approval of the EDR provided for in Paragraph 5, NIPSCO will request Commission approval of EDR contract for five (5) years for Central Soya's most recent expansion, consistent with the terms of a letter agreement dated June 14, 2002, commencing upon IURC approval of the new EDR rider discussed in Paragraph 5 above. Said expansion will be eligible for an EDR for five (5) years commencing upon IURC approval of the new EDR rider.

8. Fees, costs and expenses. On or before the 30th day after the entry of a Final Order, NIPSCO shall pay \$1.8 million over to an escrow agent designated by the OUCC and the NIPSCO Industrial Group. NIPSCO shall deduct the escrowed amount from the amount of the Guaranteed Credit to be provided in the first year of this Settlement Agreement. Said amount shall be held in an interest bearing escrow account for the purposes of awarding attorney fees, costs and litigation expenses, subject to the approval of the Commission. Any Party that has materially contributed to the creation of the Customer Credits, other than NIPSCO, may petition

the IURC for an award of fees, costs and expenses for services that materially contributed to the creation of the Credits. After a final order by the Commission of an award with respect to any such petition, the escrow agent will pay out to such petitioner an amount equal to the award granted, along with any accrued interest related thereto. The escrow agent may pay out more than one award, but no Party may seek more than one award. NIPSCO will not participate directly or indirectly in any proceedings relating to the award of the fees, costs and expenses. The escrow shall remain in place for sixty (60) days after the final resolution of any appeals of the Commission's Final Order ("Escrow Period") for an award of fees, costs and expenses.

At the conclusion of the Escrow Period, absent any further order by the Commission to the contrary, any remaining Credit in the escrow account, plus any accrued interest, shall be delivered to NIPSCO to be credited to NIPSCO's customers, pursuant to the mechanism set out in Paragraph 1 of this Settlement Agreement, and the amount of Credits in that year will be increased to so reflect such remaining amount.

9. Separation. Upon entry of the Final Order, NIPSCO shall withdraw its petition in Cause No. 42149 for IURC approval to separate its electric and gas utilities and shall not file a similar petition for at least 12 months after entry of the Final Order.

10. Environmental Cost and Expense Recovery. The Parties agree not to oppose Commission approval of the terms of the Stipulation and Settlement Agreement between NIPSCO and the OUCC in Cause No. 42150.

11. Electric Service Reliability Incentive Ratemaking Mechanism. The Parties shall meet, and invite the IURC staff to meet with them, to design and complete cooperatively, within 180 days after entry of the Final Order, a written risk and reward electric service reliability incentive rate making mechanism ("ESRIM") acceptable to the Parties and to be submitted to the

IURC for its approval and NIPSCO's implementation pursuant to an IURC order. Except as provided herein, the Parties shall support, as each party independently determines is appropriate, such mutually acceptable ESRIM before the IURC and to accept an IURC order approving and implementing such ESRIM. It is the intention of the Parties that they shall use commercially reasonable efforts to prepare and file with the IURC an ESRIM applicable to NIPSCO, along with an appropriate petition and generally supportive evidence within 180 days after entry of the Final Order. In the event the Parties do not agree upon an ESRIM within said 180-day period, NIPSCO will file, within 45 days thereafter, its proposed ESRIM and the Parties reserve their right to address it as they deem appropriate. The foregoing notwithstanding, Parties other than NIPSCO and the OUCC retain the right to decide whether or not they will participate in the process described herein.

12. Regional Transmission Organization ("RTO"). An action is currently pending before the Federal Energy Regulatory Commission ("FERC") regarding the organizational structure and implementation procedures for integrating certain companies into RTOs in the Midwest. On May 28, 2002, NIPSCO indicated to the FERC that it and certain other companies are negotiating with the goal of forming an Independent Transmission Company ("ITC") that will participate in the Midwest Independent System Operator ("Midwest ISO"). By July 15, 2002 the companies forming the ITC expect to file a letter of intent with the FERC. In the event the FERC does not approve the formation of the ITC as a sub-entity of the Midwest ISO, then NIPSCO will consult with the IURC and the Parties prior to making a selection of the appropriate RTO membership. This selection will be made by NIPSCO in accordance with the best interests of its customers and in compliance with FERC requirements. Within 15 days of the Final Order, NIPSCO will withdraw its appeal of IURC Docket No. 42032 (Indiana Court of

Appeals Cause No. 93A02-0201-EX-00045) and its request for rehearing of FERC Dockets Nos. RT01-88-014, ER99-3144-018, EC99-80-018, ER01-2992,002, RT01-84-003, ER01-123-007, ER001-2999-002, RT01-26-003, ER01-2993-002, RT01-37-003, ER01-2997-002, ER01-2995-002.

13. Settlement Agreement Confidential Until Filed. This Settlement Agreement shall be privileged and confidential until filed with the IURC.

14. Support and Defense of Settlement Agreement. The Parties shall not support any challenge or appeal of any IURC order approving and/or adopting the terms of this Settlement Agreement as an appropriate resolution of this Cause. The evidence presented in this Cause and Cause No. 42150, including the related Settlement Agreements, constitutes substantial, probative evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusion of law necessary for the approval of the Settlement Agreement and the Final Order. The Parties shall not oppose in any further proceeding in Cause No. 41651 the position that the terms of this Settlement Agreement are an appropriate resolution of the issues in Cause No. 41651.

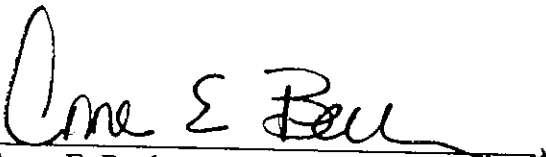
15. Binding Agreement. The undersigned represent and agree that they are fully authorized to execute this Settlement Agreement on behalf of their designated Party. This Settlement Agreement may be executed in counterparts and shall inure to the benefit of, and be binding upon, the successors, heirs and assigns of the Parties. The Parties agree that a Commission Final Order accepting this Settlement Agreement, without any material change unacceptable to any Party, shall constitute a final, appealable order. Any appeal of the Final Order shall not delay the implementation and distribution of Customer Credits herein provided

or interdict or affect any other right or obligation of any Party hereunder during the pendency of any appeal.

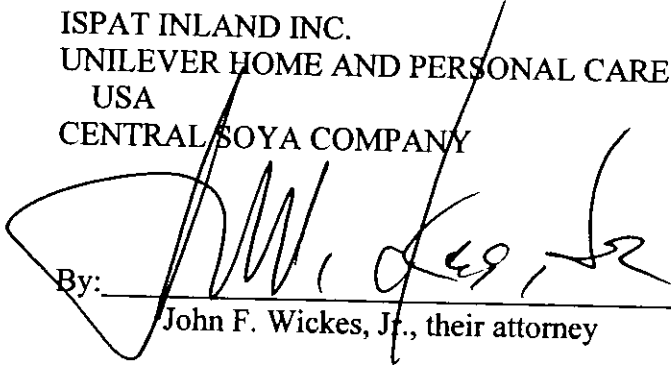
NORTHERN INDIANA PUBLIC SERVICE
COMPANY

By: 
Daniel D. Gavito


INDIANA OFFICE OF UTILITY CONSUMER
COUNSELOR

By: 
Anne E. Becker

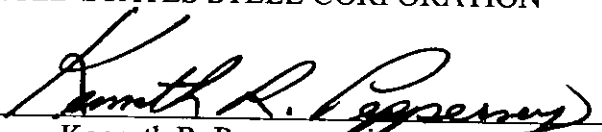
ISPAT INLAND INC.
UNILEVER HOME AND PERSONAL CARE
USA
CENTRAL SOYA COMPANY

By: 
John F. Wickes, Jr., their attorney

PRAXAIR, INC.

By: 
Christopher C. Earle, its attorney

UNITED STATES STEEL CORPORATION

By: 
Kenneth R. Pepperney, its attorney

BETHLEHEM STEEL CORPORATION

By:

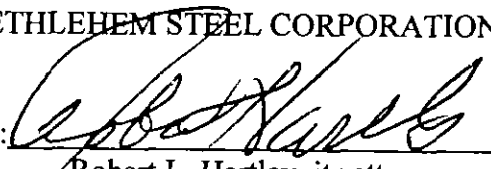

Robert L. Hartley, its attorney

EXHIBIT A

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Calculation of Revenue Credit per IURC Cause No. 41746
Twelve Months Ended March 2002

Line No.			
1	IURC Jurisdiction Operating Revenues Cause No. 38706-FAC55 Exhibit 2-A, Page 1 of 3, Line 1		\$ 1,003,777,724
	Less:		
2	Revenues related to Special Contracts	\$ 85,888,205	
3	Revenues related to Economic Development Rider (Revenue Class 22)	8,801,581	
4	Other Revenues - Misc. Service Fees, NSF Check Charges, Reconnection Fees.	<u>7,805,548</u>	
5	Subtotal Not Subject to Revenue Credit (Lines 2 through 4)		<u>102,473,334</u>
6	Total IURC Jurisdiction Operating Revenues Subject to Credit (Line 1 - Line 5)		<u>\$ 901,304,389</u>
7	Annual Revenue Credit Per IURC Cause No. 41746 - See Note [a]		\$ 53,302,044
8	Revenue Credit Reconciliation from prior 3-month period ending Mon-Yr from Schedule 2-D, Page 3 of 4 [b]		\$ -
9	Adjusted Revenue Credit		<u>\$ 53,302,044</u>
10	Revenue Credit Percent Applicable to Billing Period for Cause No. 38706-FAC55 (Line 9 / Line 6)		<u>5.9139</u>

Notes:

- [a] The Year 1 Revenue Credit equals \$55,102,040 ((\$225,000,000/48 months) X 12 months) less \$1,800,000 in litigation expenses resulting in an annual credit of \$53,302,044. The Revenue Credit will be \$55,102,040 on an annual basis beginning in Year 2.
- [b] For example see Respondent's Exhibit DDG-4, Page 2 of 6.

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Calculation of Estimated Monthly and Cumulative Revenue Credit per IURC Cause No. 41748

Line No.	Month	Year	Billed to Customers in Cause No. 38708-	Reconciliation Billed to Customers in Cause No. 38708-	Estimated Amount of Revenue Credit to be Billed			
					Per Month	Per Financial Quarter	Per 12 Months	Cumulative
1	August	2008	FAC71 A-S-O '08	FAC73 F-M-A '07	\$ 4,591,837	\$ 9,183,665	\$ 4,591,837	\$ 223,200,004
2	July		FAC70 M-J-J '08	FAC73 F-M-A '07	4,591,837		55,102,044	
3	June		FAC70 M-J-J '08	FAC72 N-D-J '07	4,591,837	13,775,511		214,016,339
4	May		FAC70 M-J-J '08	FAC72 N-D-J '07	4,591,837			
5	April		FAC69 F-M-A '08	FAC72 N-D-J '07	4,591,837			
6	March		FAC69 F-M-A '08	FAC71 A-S-O '06	4,591,837	13,775,511		200,240,828
7	February		FAC69 F-M-A '08	FAC71 A-S-O '06	4,591,837			
8	January		FAC68 N-D-J '08	FAC71 A-S-O '06	4,591,837			
9	December	2005	FAC68 N-D-J '08	FAC70 M-J-J '08	4,591,837	13,775,511		186,465,317
10	November		FAC68 N-D-J '08	FAC70 M-J-J '08	4,591,837			
11	October		FAC67 A-S-O '05	FAC70 M-J-J '08	4,591,837			
12	September		FAC67 A-S-O '05	FAC69 F-M-A '08	4,591,837	13,775,511		172,689,806
13	August		FAC67 A-S-O '05	FAC69 F-M-A '08	4,591,837			
14	July		FAC66 M-J-J '05	FAC69 F-M-A '08	4,591,837		55,102,044	
15	June		FAC66 M-J-J '05	FAC68 N-D-J '08	4,591,837	13,775,511		158,914,295
16	May		FAC66 M-J-J '05	FAC68 N-D-J '08	4,591,837			
17	April		FAC65 F-M-A '05	FAC68 N-D-J '08	4,591,837			
18	March		FAC65 F-M-A '05	FAC67 A-S-O '05	4,591,837	13,775,511		145,138,784
19	February		FAC65 F-M-A '05	FAC67 A-S-O '05	4,591,837			
20	January		FAC64 N-D-J '05	FAC67 A-S-O '05	4,591,837			
21	December	2004	FAC64 N-D-J '05	FAC66 M-J-J '05	4,591,837	13,775,511		131,363,273
22	November		FAC64 N-D-J '05	FAC66 M-J-J '05	4,591,837			
23	October		FAC63 A-S-O '04	FAC66 M-J-J '05	4,591,837			
24	September		FAC63 A-S-O '04	FAC65 F-M-A '05	4,591,837	13,775,511		117,587,762
25	August		FAC63 A-S-O '04	FAC65 F-M-A '05	4,591,837			
26	July		FAC62 M-J-J '04	FAC65 F-M-A '05	4,591,837		55,102,044	
27	June		FAC62 M-J-J '04	FAC64 N-D-J '05	4,591,837	13,775,511		103,812,251
28	May		FAC62 M-J-J '04	FAC64 N-D-J '05	4,591,837			
29	April		FAC61 F-M-A '04	FAC64 N-D-J '05	4,591,837			
30	March		FAC61 F-M-A '04	FAC63 A-S-O '04	4,591,837	13,775,511		90,038,740
31	February		FAC61 F-M-A '04	FAC63 A-S-O '04	4,591,837			
32	January		FAC60 N-D-J '04	FAC63 A-S-O '04	4,591,837			
33	December	2003	FAC60 N-D-J '04	FAC62 M-J-J '04	4,591,837	13,775,511		76,261,229
34	November		FAC60 N-D-J '04	FAC62 M-J-J '04	4,591,837			
35	October		FAC59 A-S-O '03	FAC62 M-J-J '04	4,591,837			
36	September		FAC59 A-S-O '03	FAC61 F-M-A '04	4,591,837	13,625,511		62,485,718
37	August		FAC59 A-S-O '03	FAC61 F-M-A '04	4,591,837			
38	July		FAC58 M-J-J '03	FAC61 F-M-A '04	4,441,837 [a]		53,302,044	
39	June		FAC58 M-J-J '03	FAC60 N-D-J '04	4,441,837 [a]	13,325,511		48,860,207
40	May		FAC58 M-J-J '03	FAC60 N-D-J '04	4,441,837 [a]			
41	April		FAC57 F-M-A '03	FAC60 N-D-J '04	4,441,837 [a]			
42	March		FAC57 F-M-A '03	FAC59 A-S-O '03	4,441,837 [a]	13,325,511		35,534,696
43	February		FAC57 F-M-A '03	FAC59 A-S-O '03	4,441,837 [a]			
44	January		FAC56 N-D-J '03	FAC59 A-S-O '03	4,441,837 [a]			
45	December	2002	FAC56 N-D-J '03	FAC58 M-J-J '03	4,441,837 [a]	13,325,511		22,209,185
46	November		FAC56 N-D-J '03	FAC58 M-J-J '03	4,441,837 [a]			
47	October		FAC55 A-S-O '02	FAC58 M-J-J '03	4,441,837 [a]			
48	September		FAC55 A-S-O '02	FAC57 F-M-A '03	4,441,837 [a]	8,883,674		8,883,674
49	August		FAC55 A-S-O '02	FAC57 F-M-A '03	4,441,837 [a]			
50	Total				223,200,004			
51	Plus: Legal Fees Recovered in Year 1				1,800,000			
52	Total Revenue Credit Per Settlement Agreement				\$ 225,000,004			

Notes:

[a] Lines 38 through 49 reflect a \$1,800,000 reduction in Year 1 for recovery of legal fees.

EXAMPLE

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Calculation of Revenue Credit per IURC Cause No. 41746
Twelve Months Ended June 2002

Line
No.

1	IURC Jurisdiction Operating Revenues Cause No. 38706-FAC56 Exhibit 2-A, Page 1 of 3, Line 1		\$ 1,000,000,000
	Less:		
2	Revenues related to Special Contracts	\$ 85,000,000	
3	Revenues related to Economic Development Rider (Revenue Class 22)	8,000,000	
4	Other Revenues - Misc. Service Fees, NSF Check Charges, Reconnection Fees.	<u>7,000,000</u>	
5	Subtotal Not Subject to Revenue Credit (Lines 2 through 4)		<u>100,000,000</u>
6	Total IURC Jurisdiction Operating Revenues Subject to Credit (Line 1 - Line 5)		<u>\$ 900,000,000</u>
7	Annual Revenue Credit Per IURC Cause No. 41746 - See Note [a]		\$ 53,302,044
8	Revenue Credit Reconciliation from prior 3-month period ending Mon-Yr from Schedule 2-D, Page 3 of 4		\$ -
9	Adjusted Revenue Credit		<u>\$ 53,302,044</u>
10	Revenue Credit Percent Applicable to Billing Period for Cause No. 38706-FAC56 (Line 9 / Line 6)		<u>5.9224</u>

Notes:

- [a] The Year 1 Revenue Credit equals \$55,102,040 ((\$225,000,000/49 months) X 12 months) less \$1,800,000 in litigation expenses resulting in an annual credit of \$53,302,044. The Revenue Credit will be \$55,102,040 on an annual basis beginning in Year 2.

EXAMPLE

NORTHERN INDIANA PUBLIC SERVICE COMPANY **Calculation of Revenue Credit per IURC Cause No. 41746** **Revenue Credit and Reconciliation for Current Quarter** **Three Months Ended September 30, 2002**

Line No.	Jul-02	Aug-02	Sep-02	Total Quarter
1 Estimated Revenue Credit [a]	\$ -	\$ 4,441,837	\$ 4,441,837	\$ 8,883,674
2 Actual Revenue Credit to Customer Bills	\$ -	\$ 5,000,000	\$ 4,000,000	\$ 9,000,000
3 Reconciliation from Cause No. 38706-FAC55	\$ -	\$ -	\$ -	\$ -
4 Actual Revenue Credit to be Reconciled (Line 2 - Line 3)	\$ -	\$ 5,000,000	\$ 4,000,000	\$ 9,000,000
5 Revenue Credit Reconciliation Over/(Under) Collection (Line 4 - Line 1)	\$ -	\$ 558,163	\$ (441,837)	\$ 116,326

[a] The Year 1 Revenue Credit equals \$4,441,837 per month ((\$225,000,000/49 months) less (\$1,800,000 in litigation expenses/12 months)) resulting in an annual credit of \$53,302,044. The Revenue Credit will be \$4,591,837 on a monthly basis and \$55,102,040 on an annual basis beginning in Year 2.

EXAMPLE

NORTHERN INDIANA PUBLIC SERVICE COMPANY **Calculation of Revenue Credit per IURC Cause No. 41746** **Revenue Credit and Reconciliation for Current Quarter** **Three Months Ended December 31, 2002**

<u>Line No.</u>	<u>Oct-02</u>	<u>Nov-02</u>	<u>Dec-02</u>	<u>Total Quarter</u>
1 Estimated Revenue Credit [a]	\$ 4,441,837	\$ 4,441,837	\$ 4,441,837	\$ 13,325,511
2 Actual Revenue Credit to Customer Bills	\$ 4,500,000	\$ 4,000,000	\$ 4,500,000	\$ 13,000,000
3 Reconciliation from Cause No. 38706-FAC56 and Cause No. 38706-FAC58	\$ -	\$ -	\$ -	\$ -
4 Actual Revenue Credit to be Reconciled (Line 2 - Line 3)	\$ 4,500,000	\$ 4,000,000	\$ 4,500,000	\$ 13,000,000
5 Revenue Credit Reconciliation Over/(Under) Collection (Line 4 - Line 1)	\$ 58,163	\$ (441,837)	\$ 58,163	\$ (325,511)

[a] The Year 1 Revenue Credit equals \$4,441,837 per month ((\$225,000,000/49 months) less (\$1,800,000 in litigation expenses/12 months)) resulting in an annual credit of \$53,302,044. The Revenue Credit will be \$4,591,837 on a monthly basis and \$55,102,040 on an annual basis beginning in Year 2.

EXAMPLE

NORTHERN INDIANA PUBLIC SERVICE COMPANY Calculation of Revenue Credit per IURC Cause No. 41746 Revenue Credit and Reconciliation for Current Quarter Three Months Ended March 31, 2003

Line No.	Jan-03	Feb-03	Mar-03	Total Quarter
1 Estimated Revenue Credit [a]	\$ 4,441,837	\$ 4,441,837	\$ 4,441,837	\$ 13,325,511
2 Actual Revenue Credit to Customer Bills	\$ 4,500,000	\$ 4,250,000	\$ 4,000,000	\$ 12,750,000
3 Reconciliation from Cause No. 38708-FAC56 and Cause No. 38708-FAC57	\$ -	\$ 38,775	\$ 38,775	\$ 77,550
4 Actual Revenue Credit to be Reconciled (Line 2 - Line 3)	\$ 4,500,000	\$ 4,211,225	\$ 3,961,225	\$ 12,672,450
5 Revenue Credit Reconciliation Over/(Under) Collection (Line 4 - Line 1)	\$ 58,163	\$ (230,612)	\$ (480,612)	\$ (653,061)

[a] The Year 1 Revenue Credit equals \$4,441,837 per month ((\$225,000,000/49 months) less (\$1,800,000 in litigation expenses/12 months)) resulting in an annual credit of \$53,302,044. The Revenue Credit will be \$4,591,837 on a monthly basis and \$55,102,040 on an annual basis beginning in Year 2.

EXAMPLE

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Calculation of Revenue Credit per IURC Cause No. 41748
Revenue Credit and Reconciliation for Current Quarter
Three Months Ended June 30, 2003

Line No.	Apr-03	May-03	Jun-03	Total Quarter
1 Estimated Revenue Credit [a]	\$ 4,441,837	\$ 4,441,837	\$ 4,441,837	\$ 13,325,511
2 Actual Revenue Credit to Customer Bills	\$ 4,000,000	\$ 5,000,000	\$ 5,000,000	\$ 14,000,000
3 Reconciliation from Cause No. 38708-FAC57 and Cause No. 38708-FAC58	\$ 38,774	\$ (108,504)	\$ (108,503)	\$ (178,233)
4 Actual Revenue Credit to be Reconciled (Line 2 - Line 3)	\$ 3,961,228	\$ 5,108,504	\$ 5,108,503	\$ 14,178,233
5 Revenue Credit Reconciliation Over/(Under) Collection (Line 4 - Line 1)	\$ (480,611)	\$ 666,667	\$ 666,666	\$ 852,722

[a] The Year 1 Revenue Credit equals \$4,441,837 per month ((\$225,000,000/49 months) less (\$1,800,000 in litigation expenses/12 months)) resulting in an annual credit of \$53,302,044. The Revenue Credit will be \$4,591,837 on a monthly basis and \$55,102,040 on an annual basis beginning in Year 2.

EXAMPLE

NORTHERN INDIANA PUBLIC SERVICE COMPANY
 Calculation of Revenue Credit per IURC Cause No. 41746
 Cumulative Revenue Credit and Reconciliation of Prior Periods
 Twelve Months Ended June 2003

Line No.	Column A		Column B		Column C		Column D		Column E		Column F	
	Quarter Ended		Estimated Revenue Credit For Quarter	Actual Revenue Credited for Quarter	Over/(Under) Actual Revenue Credited for Quarter	Reconciled in Cause No. 38706-	Total Actual Cumulative Revenue Credit					
	Month	Year										
1	June	2003	\$ 13,325,511	\$ 14,178,233	\$ 852,722	FAC60 N-D-J '04	\$ 48,850,683					
2	March		\$ 13,325,511	\$ 12,672,450	\$ (653,061)	FAC59 A-S-O '03	\$ 34,672,450					
3	December	2002	\$ 13,325,511	\$ 13,000,000	\$ (325,511)	FAC58 M-J-J '03	\$ 22,000,000					
4	September		\$ 8,883,674	\$ 9,000,000	\$ 116,326	FAC57 F-M-A '03	\$ 9,000,000					

EXHIBIT B

**NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Electric Service Tariff
Original Volume No. 10**

Original Sheet No. 59D

**APPENDIX F
REVENUE CREDITS**

Bills rendered under Rates 811, 812, 813, 820, 821, 822, 823, 824, 825, 826, 832, 833, 836, 841, 844, 845, 846 and all Street and Traffic Lighting rates shall reflect credits under a Settlement Agreement approved by the Indiana Utility Commission in Cause No. 41746.

Effective for all bills rendered during the August, September and October, 2002 billing months, the Revenue Credit shall be:

A credit of 5.9139 percent on tariffed revenues before application of taxes

Issued Date

**Issued By
Daniel D. Gavito
Vice President, Indiana, Regulatory and Government Policy
Merrillville, Indiana**

Effective Date

CERTIFICATE OF SERVICE

The undersigned certifies that he has served a copy of the foregoing joint petition on the following parties, by hand delivery or United States Mail, first class postage prepaid, this 20th day of June, 2002.

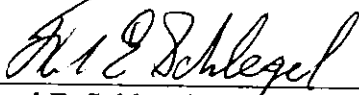
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